MR. CHAIRMAN: The point is noted...*(Interruptions)*...

SHRI JESUDASU SEELAM: Sir, I have to put a very important supplementary on Q. No. 262 ...*(Interruptions)*...

MR. CHAIRMAN: Please don't interrupt ...*(Interruptions)*... Please do not interrupt...*(Interruptions)*...

SHRI JESUDASU SEELAM: Please give me an opportunity, Sir.

MR. CHAIRMAN: Please follow the procedures. We are on Q. No. 265 ...*(Interruptions)*... Yes, Q. No. 265.

शेयर बाजारों में विदेशी वित्तीय संस्थाएं

*265. **श्री राज मोहिन्दर सिंह मजीठा:††**
डा॰ मुरली मनोहर जोशी:

क्या वित्त मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या यह सच है कि सरकार द्वारा शेयर बाजार में 'पार्टिसिपेटरी नोट' पर प्रतिबंध लगाने के बाद शेयर बाजारों में कारोबार करने वाली विदेशी वित्तीय संस्थाओं की संख्या में वृद्धि हुई है;

(ख) यदि हां, तो क्या इन संस्थाओं से संबंधित खातों की संख्या में भी वृद्धि हुई है; और

(ग) यदि हां, तो विदेशी वित्तीय संस्थाओं और उनसे संबंधित खातों की संख्या नवम्बर माह के मध्य में क्रमश: कितनी-कितनी थी;

वित्त मंत्री (श्री पी॰ चिदम्बरम): (क) से (ग) विवरण सभा पटल पर रख दिया गया है।

विवरण

(क) से (ग) विदेशी संस्थागत निवेशकों और उनके उप-खातों का ब्यौरा निम्नानुसार है:—

दिनांक	पंजीकृत संख्या	
	एफआईआई	उप-खाते
*16 अक्तूबर, 2007	1113	3445
**25 अक्तूबर, 2007	1125	3450
15 नवम्बर, 2007	1157	3488

* इस तारीख को सेबी ने सार्वजनिक टिप्पणियों के लिए अपनी वेबसाइट पर विदेशी व्युत्पाद लिखतों (पार्टिसिपेटरी नोट्स) पर चर्चा पत्र की मेजबानी की थी।

** इस तारीख को उक्त चर्चा पत्र में वर्णित प्रस्तावों पर विचार-विमर्श हुआ और सेबी बोर्ड ने इन्हें अनुमादित किया।

Foreign financial institutions in Stock Markets

†*265. SHRI RAJ MOHINDER SINGH MAJITHA:††
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that after imposition of a ban on 'Participatory Notes' in the share markets of the country by Government, there has been an increase in the number of Foreign financial Institutions engaged in trading in share markets:

††सभा में यह प्रश्न श्री राज मोहिन्दर सिंह मजीठा द्वारा पूछा गया।

†Original notice of the question was received in Hindi.

††The question as actually asked on the floor of the House by Shri Raj Mohinder Singh Majitha.

(b) if so, whether the number of accounts associated therewith has also increased; and

(c) if so, the respective number of Foreign financial Institutions and accounts associated therewith in the middle of November, 2007?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) A Statement is placed on the Table of the House.

Statement

(a) to (c) The details of registration of FIIs and their sub-accounts are as under:

Date	No. of registered	
	FIIS	Sub Accounts
*October 16, 2007	1113	3445
**October 25, 2007	1125	3450
November 15, 2007	1157	3488

*The date when SEBI hosted a Discussion Paper on Offshore Derivative Instruments (Participatory Notes) on its website for public comments.

**The date when the proposals mentioned in the said Discussion Paper were discussed and approved by the SEBI Board.

श्री राज मोहिन्दर सिंह मजीठा: सभापति महोदय, मैं आपके माध्यम से मिनिस्टर साहब से एक इनफॉर्मेशन चाहता हूं कि सरकार ने पिछले महीने में Participatory Notes पर पाबंदी लगायी और उसे एक regular shape दी मैं यह जानना चाहता हूं कि Participartoy Note का सिलसिला पिछले किस साल से शुरू था और इस समय इसको regularise करने की जरूरत क्या इसलिए हुई कि इसके जरिए देश की सुरक्षा और फाइनेंशियल मेनेजमेंट को खतरा हो गया था? यदि नहीं तो सच्चाई क्या है?

MR. CHAIRMAN: Please sit down so that the hon. Minister can respond ...*(Interruptions)*...

SHRI P. CHIDAMBARAM: Sir, the policy evolves over a period of time and policy changes are made in response to the changing situation. In consultation with the Government and the RBI, the SEBI, which is a market regulator, in its meeting on 25th October, 2007 announced certain policy changes. These have been widely reported in the media. But, broadly, these policy change were directed towards overseas derivative investments and FIIs and their sub-accounts shall not issue, renew ODIs with under lying as derivatives with immediate effect and were required to wind up the current position over 18 months. Further issuance of ODIs for the sub-accounts of FIIs will be discontinued with immediate effect; they are required to wind up the current position over 18 months. FIIs who were currently issuing ODIs with notional value of PNs outstanding as a percentage of the assets under control in India of less than 40 per cent shall be allowed to issue further ODIs only at the incremental rate of 5 per cent of their assets under control. Then, those FIIs with notion value of PNs outstanding excluding derivatives as a percentage of their AMC in India for more than 40 per cent shall issued PNs only against cancellation, redemption of closing out of the existing PNs. These decisions were taken by the market regulator having regard to the situation in the market and its response to the inflows in to the capital market.

श्री राज मोहिन्दर सिंह मजीठा: कोई पूंजी ही व्यापार की जान होती है और पूंजी के सहारे ही व्यापार का विस्तार और विकास हो पाता है। इस बात को ध्यान में रखकर भारतवर्ष के शेयर बाजार में विदेशी फाइनेंसियल इंस्टीट्यूट को पूंजी लगाने की मंजूरी दी थी। महोदय, मैं जानना चाहता हूं कि अक्तूबर और नवम्बर, 2007 तक भारतीय शेयर बाजार में भारतीय पूंजी और विदेशी पूंजी का ऐवरेज क्या-क्या रहा है?

SHRI P. CHIDAMBARAM: Sir, I am not sure what the hon. Member means by the average of the FII. I have given you the answer, the number of FIIs stand registered as on November 15, 2007. 1,157 FIIs are registered with SEBI. Up to 29th November, 2007, the investment of FIIs in equity is 65.18 billion $ and the investment in debt instruments is 2.7 billion $. Therefore, 1,157 FIIs have invested approximately 68 billion $ in the equity and debt parts of the capital market.

SHRI RAJEEV CHANDRASEKHAR: Sir, would the Minister shed some light on the effect of the increased FII flows on the rupee and the consequential adverse effect on the exporting component of our economy and the reported contradictory position of the SEBI and the RBI on this issue?

SHRI P. CHIDAMBARAM: As far as I am aware, sir, there is no contradictory position. The FII inflow is one part of the capital inflows into the country. There are many other inflows-FDI, export earnings, remittances, venture capital funds, and private equity. FIIs is one kind of in flow into the country and having regard to the situation, SEBI as a market regulator has taken some steps regarding certain kinds of instruments which are used to bring in investments into the capital market. RBI is the overall regulator of the banking sector and it is the monetary authority. It is possible, at any given point of time, on any issue, there can be different perceptions. And, from that you cannot come to the conclusion that there are contradictory positions.

श्री शाहिद सिद्दिकी: धन्यवाद सर। महोदय, इस तरह की रिपोर्ट आई हैं कि ग्लोबल टैरोरिज्म-टेरोरिस्ट आर्गनाइजेशंस हिन्दुस्तान मार्केट में पैसा लगाती रही हैं और लगा रही हैं। मैं आपके माध्यम से माननीय मंत्री जी से जानना चाहूंगा कि क्या इस तरह के कुछ केसेज समाने आए हैं, कुछ इंवेस्टिगेशन हुई है और dubious इंवेस्टमेंट जो हमारी शेयर मार्केट में आ रहे हैं, उसको रोकने के लिए क्या कदम उठाए गए हैं और इस संबंध में मंत्री जी क्या करने वाले हैं?

†[**شری شاہد صدیقی** : دھنیواد سر۔ مہودے، اس طرح کی رپورٹ آئی ہیں کہ گلوبل ٹیریریزم - ٹیریرسٹ آرگنائزیشن ہندوستانی مارکیٹ میں پیسہ لگاتی رہی ہیں اور لگا رہی ہیں۔ میں آپ کے مادھیم سے مانئے منتری جی سے جاننا چاہوں گا کہ کیا اس طرح سے کچھ کیسز سامنے آئے ہیں، کچھ انویٹی گیشن ہوئی ہے اور dubious investment جو ہماری شنیر مارکیٹ میں آ رہے ہیں، اس کو روکنے کے لئے کیا قدم اٹھائے گئے ہیں اور اس سمبندھ میں منتری جی کیا کرنے والے ہیں؟]

SHRI P. CHIDAMBARAM: Sir, although the supplementary may not directly arise from this main question, I am willing to answer. Recently, one case has come to our notice. It was suspected, let me repeat 'suspected', that this case may have some links with some persons who are under watch. This case is being investigated. But I am not in a position to give any details of the case at this stage.

SHRI RAVI SHANKAR PRASAD: Sir, I am grateful to you for allowing me to speak. The hon. Finance Minister, may I take on the reply that you have just given? The National Security Advisor is on record having said about the influence of these elements in the stock market. How much I should take it from your stand just now of 'suspected' and his categorical stand, I leave it to your judgement. But my question is on a more fundamental issue. There is a question on the ban on PN notes. Would you kindly come clean as to why the PN was permitted-and what went on in the stock market-why need arose to ban it? What were the compelling circumstances, which led to the banning of it, and what has been after-effect thereof? I would like to know it.

SHRI P. CHIDAMBARAM: Sir, participatory notes are in vogue for many years. The point is that the participatory notes are issued based on underlying assets as well as on the basis of derivative instruments. What SEBI has done in October is to place restrictions on the issue of participatory notes with the underlying as derivatives. As I read out and I will read it out again, this is what SEBI did. "In respect of overseas derivative investments, the following four steps will be taken. The FII in the sub-accounts shall not issue any ODIs with underlying derivatives and they are required to wind up their position in 18 months. Issuance of ODIs by sub-accounts will be discontinued and they will wind up their current position over 18 months. FIIs, who currently issue ODIs with notional values of PNs outstanding excluding derivatives, but if it is less than 40 per cent, FII can only issue it at an incremental rate of 5 per cent. If it was already more than 40 per cent, FII cannot issue any PNs unless it is against cancellation/redemption. So, there is no absolute ban on PNs. One kind of PNs, which are based on derivatives, are being regulated, capped and they are being requested to wind down over a period of 18 months. There is no absolute ban on participatory notes.

*266. [The questioner (Shri Banwari Lal Kanchhal) was absent. For answer *vide* page....*infra*].

Delay in infrastructure projects

*267. SHRI KARNENDU BHATTACHARJEE : Will the Minister of FINANCE be pleased to state:

(a) the number of infrastructure projects initiated during the last three years and since completed and the number of projects facing delays;

(b) whether it is a fact that delay is driving up costs substantially;

(c) whether it is also a fact that the infrastructure projects in sectors like Roads, Power, Petroleum, Coal, Aviation, Steel and Urban Development are running behind schedule and driving up costs substantially;

(d) if so, whether Government is taking any steps for their timely completion; and

(e) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (e) The information pertains to several Ministries and Departments of the Government of India. The information is being collected and will be laid on the Table of the House.

SHRI MANOHAR JOSHI: Sir, I have a point of order.

MR. CHAIRMAN: Point of order? There is a point of order, just wait.